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S E C R E T SECTION 01 OF 02 TEL AVIV 004145

SIPDIS

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TAGS: [PREL](#) [PTER](#) [EFIN](#) [COUNTERTERRORISM](#)

SUBJECT: U.S. TREASURY RECEIVES GOI BRIEF ON MONEY  
LAUNDERING AND TERROR FINANCE

REF: A. TEL AVIV 1637

[1](#)B. TEL AVIV 3223

Classified By: Ambassador Daniel C. Kurtzer for reasons 1.4 (b) and (d)

[1](#)1. (C) SUMMARY: Israeli officials briefed U.S. Treasury advisor Szubin and Econoff on GOI efforts against money laundering and terror finance. The police officials cited successes in fighting money launderers, seizing millions of dollars, but also noted difficulties in cooperation and information sharing between the police and the Israel Money Laundering Prohibition Authority (IMPA), which monitors financial institutions. At the Ministry of Justice, IMPA officials responsible for fighting money laundering gave a presentation on the overall structure and mission of their organization and how this organization turns raw financial data into intelligence to combat money laundering. At the MFA, counterterrorism officials talked about GOI lobbying efforts in European capitals to have Hizbollah designated a terrorist organization and to seek greater cooperation with the Europeans against Islamic charities involved in funding terror groups. END SUMMARY.

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Israel National Police

[1](#)2. (C) On June 28, Adam Szubin, senior advisor in the Office of Terrorism and Financial Intelligence in the Department of Treasury accompanied by Econoff, met with Israel National Police (INP) officials Yehuda Twersky and On Tobi from the Special Operations Department (SOD) to discuss INP efforts in combating money laundering and organized crime. Twersky told Szubin that the SOD falls under the intelligence branch which deals mainly in collecting information allowing law enforcement officials to go after individuals who break the law. Twersky said efforts to fight money laundering have been successful, citing the March 2005 case against Bank Hapoalim (Ref A) and other ongoing cases. He touted the recent seizure of NIS 35 million against Bank Hapoalim clients. In Hapoalim and other cases, Twersky noted that the most promising strategies involved pursuing financial institutions for failure to comply with reporting requirements.

[1](#)3. (S) With respect to IMPA, Twersky said that the INP has relied more on its own investigative techniques, primarily human intelligence, to uncover money laundering offenses. He touched on sentencing against those involved in money laundering, indicating that Israeli sentences do not mirror sentencing patterns in the U.S. which are much more stringent (Ref B). He next talked about allocation of assets forfeited from money-laundering offenses, which are divided among the Ministry of Justice, the INP and the prosecutor's office. He said law enforcement authorities focus on going after the institutions rather than individuals, and this "sets the example."

[1](#)4. (S) Twersky shifted his focus to the IMPA, which collects information from financial institutions in order to locate suspicious or "irregular" account activities. He said the working dynamics between the INP and the IMPA are not very productive. There is a question of the added value that IMPA brings to the overall law enforcement picture. The IMPA does not have any law enforcement capabilities and provides only researched data and analysis. Twersky also cited conflicts between IMPA's pursuit of administration fines against targets and criminal and civil forfeiture.

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Israel Money Laundering Prohibition Authority

[1](#)5. (C) On June 29, Szubin and Econoff met with IMPA officials, Zefanya Barzilay and Gil Bareket. These officials gave a brief on the mission and structure of the IMPA, which is the Israeli Financial Intelligence Unit (FIU). The IMPA mission is to support law enforcement investigative efforts and foster inter-agency and global cooperation against domestic and international money laundering and terror finance related crimes. The GOI law which provides the mandate for fighting money-laundering is called the Prohibition on Money Laundering Law (PMLL), 5760-2000.

16. (S) The IMPA provides case support information to requesting customers. It functions by receiving data from banks, insurance companies, portfolio managers, stock brokers, currency service providers, customs, Internal Revenue Service (IRS) and others dealing with financial transactions. It processes this information and provides intelligence to the Israel tax authorities, the INP, and other foreign FIU's. Flow of information and data collection is methodical, said Bareket. Financial institutions also have obligatory periodic and random reporting requirements to the IMPA, said Bareket, which eases the collection process.

17. (S) The IMPA officials also touched on the administrative aspects of their organization. Barzilay discussed the "filtering system, in which IMPA passes along only those investigated reports that warrant further investigation." This system provides a balance between privacy and the need to effectively combat money-laundering and terror finance. The IMPA disseminates valuable information to law enforcement authorities to add significant value to potential investigations. This system also promotes a "climate of trust" between financial institutions and the IMPA.

18. (C) The brief also covered the IMPA, leadership, general staff and departments. The IMPA organization consists of a general director with two senior assistants. The legal and information technology offices are under the senior administrative assistant. The collection, research and control offices fall under the general director's primary assistant. At the lower echelon, there are 23 employees, 15 to 30 outside technical experts and a fulltime technology and intelligence consultant. These officials are professionals, experienced in the area's of investigation, intelligence, economics, criminal justice, and accounting. There are four departments: collection and compliance, research and analysis, legal office, and information, technology and communication.

19. (S) In the information technology section, the system is currently undergoing upgrades, which will refine the collection and processing of raw data. One feature of this upgrade is an on-line "real time" secure collection system. This will provide the GOI officials the most recent picture of account activity. Another upgrade feature is a secure gateway to the INP, and the securities administration. A comprehensive analysts' workbook and research toolbox and a multi-lingual free text search with Data Analysis and Contextual Processing is also part of the information technology upgrade.

10. (C) There are also legal tools in the combat against money-laundering, and terror finance. The Prohibition on Money Laundering Law (PMLL), which was passed on August of 2000, Combating Criminal Organization Law (CCOL), and the Prohibition on Financing of Terror Law (PFTL), which was passed on January of 2005, gave GOI authorities power to execute their duties.

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Ministry of Foreign Affairs  
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11. (S) Szubin accompanied by Econoff met with Ministry of Foreign Affairs Head of the Counterterrorism Department Yehuda Yaakov, and MFA official Benny Sharoni. Yaakov said Islamic charities in Europe remain a major concern for the GOI, citing CBSP, Interpal, the Union of the Good and others who provide financial support for terror groups such as Hamas and Hizbollah. Yaakov told Szubin he noted a more positive attitude of "transparency" in recent meetings with French counterparts, and would continue to press requests regarding cooperation against Islamic charities who have links to terror finance. He said this was a "surprising step" in the historical relationship between the two countries, which has not been rosy. He also noted some operational difficulties experienced by CBSP and Interpal, although he did not know why.

12. (S) Yaakov said the GOI is also pushing for European nations to take legal measures against those who use incitement in support of terrorism. He also expressed concerns about the use of the internet by terrorists and their supporters. Finally, he said that further thought by the GOI was required to respond both tactically and strategically to recent developments in which both Hamas and Hizbollah are entering the political stage more forcefully.

13. (U) This cable was cleared by Treasury Advisor Szubin.

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